

Message Text

SECRET

PAGE 01 ABU DH 00650 251209Z

51

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 088099

R 251025Z MAR 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 2744

INFO AMEMBASSY KUWAIT

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MUSCATTKTI

AMEMBASSY TEHRAN

S E C R E T ABU DHABI 650

EXDIS

E.O. 11652: GDS

TAGS: ENRG, TC

SUBJ: DIALOGUE WITH UAE ON OIL ISSUES

REF: STATE 45255

BEIRUT PASS BAGHDAD

1. IN RECENT MEETINGS WITH BOTH FOREIGN MINISTER SUWAIDI AND MINSTER PETROLEUM OTAIBA I TOOK OCCASION, UPON THEIR RETURN FROM ALGIERS, TO EXPRESS OUR INTERESTKQN OPENING DIALOGUE WITH UAEG IN ACCORDANCE WITH INSTRUCTIONS IN REFTEL. BOTH OFFICIALS LISTEDNED CAREFULLY AND RECIPROCATED DESIRE TOCOMMUNICATE WITH USG AS PLANS FOR CONSUMER/ PRODUCER CONFERENCE MATURE.

2. IN ANSWER TO OUR QUESTION AS TO WHAT UAEG WANTED TO SEE EMERGE FROM CONFERENCE, NEITHER SUWAIDI NOR OTAIBA WENT FURTHER ON THIS OCCASION THAN TO REITERATE GENERAL PRINCIPLE--WHICH WE HAVE ALREADY HEARD MANY TIMES FROM UAEG--THAT PROBLEM OF OIL PRICES MUST BE TREATED IN CONJUNCTION WITH THAT OF OTHER COMMODITIES, NOT AS ISOLATED PHENOMENON. WE BELIEVE UAEG WILL BE CONTENT TO ALLOW ITS MAJOR OPEC PARTNERS WHO HAVE BEEN INVITED TO CONFERENCE TO TAKE LEAD IN PREPARING NEGOTIATING POSITIONS FOR CONFERENCE. ON PRICING

SECRET

SECRET

PAGE 02 ABU DH 00650 251209Z

QUESTION, OUR CONTACTS INDICATE THAT UAEG PRESENTLY SEES AS REASON-

ABLE ALGERIAN PROPOSAL TO HOLD PRICES CONSTANT THROUGH THIS YEAR, ADJUST PARTIALLY FOR INFLATION FOR NEXT FEW YEARS, TAKING IT FULLY INTO ACCOUNT THEREAFTER. ON OTHER POSSIBLE TOPICS TO BE TAKEN UP AT CONFERENCE, SUCH AS ACCESS AND SECURITY FOR PRODUCER COUNTRY INVESTMENTS IN THE DCS, UAEG HAS PROBABLY NOT DEVELOPED CONCRETE IDEAS. SINCE ITTFCAIUMULATED#RESERVES ARE STILL QUITE LOW BY OPEC STANDARDS, UAE HAS LESS VITAL INTEREST IN THIS ASPECT OF CONSUMER-PRODUCER RELATIONSHIP.

3. WE HAVE NOTED INCREASING DISPOSITION ON PART OF UAEG OF LATE TO TAKE MODERATE AND CAUTIOUS POSITIONS ON OIL QUESTIONS. REPORTEDLY OTAIBA, EXPONENT OF OPEC SOLADARITY AND OF A HARD-LINING POSITION ON PRODUCER/CONSUMER ISSUES, HAS LOST GROUND TO OTHERS IN UAEG WHO VIEW MATTERS MORE IN TERMS OF UAE NATIONAL SELF-INTEREST. EXPERIENCE OF THIS FIRST QUARTER, WHEN PRODUCTION FIGURES DROPPED BY HALF IN ABU DHABI, HAS MADE MANY REALIZE UAE WAS USED BY SAUDI ARABIA LASTOFOVEMBER FOR ITS OWN PURPOSES WITH ARAMCO TO RAM THROUGH 100 PERCENT ARRANGEMENT, WHICH NOW, UPON CLOSER EXAMINATION, ABU DHABI IS NOT SURE IT WANTS FOR ITS OWN OIL INDUSTRY. WE BELIEVE THESE CONSERVATIVE TRENDS WILL BE REINFORCED BY AGREEMENT WITH ADG IS NOW FINALIZING WITH OWNERS OF OPERATING COMPANIES. RECOGNIZING THAT

IT MAY HAVE TO LOWER PRICES EVEN FURTHER IF COMPANIES ARE TO REACH TARGET OF LIFTING 1.5 MBD FOR REST OF YEAR, ABU DHABI WILL, WE BELIEVE, OPPOSE ANY OPEC DECISION THAT RUNS COUNTER TO THIS NATIONAL OBJECTIVE. ALTHOUGH IT WILL PROBABLY NOT TAKE LEAD FOR SUCH MOVE, WE BELIEVE ABU DHABI WOULD NOT OPPOSE SOME AGREED DOWNWARD ADJUSTMENT OF PRICE FOR OPEC AS WHOLE, IF THIS PROMISED TO INCREASE WORLD CONSUMPTION, THEREBY MAKING ACHIEVEMENT OF ABU DHABI PRODUCTION TARGET FOR NEXT FEW YEARS MORE LIKELY WITHOUT RESORT TO UNILATERAL PRICE POLICIES THAT COULD DISTANCE UAE FROM OPEC BRETHREN. THIS PARTICULARLY TRUE SO LONG AS SAUDI ARABIA IS OPPOSED--AS HAS BEEN REPORTED--TO PRO-RATIONING PROPOSALS WHICH ARE OBVIOUS ALTERNATIVE FROM ADG STANDPOINT.

4. WE THEREFORE BELIEVE IT IS VERY MUCH WORTHWHILE TO CONTINUE WORKING ON UAE AUTHORITIES DURING COMING MONTH WHILE OPEC POSITION FOR CONFERENCE IS BEING FORMULATED. OTAIBA TOLD US THERE IS CHANCE PRODUCER REPRESENTATION MAY BE BORADENED TO INCLUDE UAE, IN WHICH
SECRET

SECRET

PAGE 03 ABU DH 00650 251209Z

CASE UAE WILL PLAY MORE DIRECT ROLE IN PREPARATIONS FOR CONFERENCE. EVEN IF THIS DOES NOT HAPPEN, UAE WILL HAVE VOICE AT OPEC MINISTERIAL IN APRIL TO APPROVE OPEC POSITONS. WE HOPE DEPARTMENT CAN FEED US USG THINKING ON ITS OBJECTIVES AS THESE DEVELOP FURTHER, AS WELL AS ANY ARGUMENTATION THAT WOULD REINFORCE MODERATE VIEWS INCREASINGLY IN EVIDENCE HERE. IT WOULD, FOR EXAMPLE, BE USEFUL TO HAVE ANY ESTIMATE DEPARTMENT COULD PROVIDE ON WHAT EFFECT LOWERING OF OIL PRICE BY GIVEN AMOUNT WOULD HAVE ON WORLD CONSUMPTION PATTERN.

STERNER

NOTE BY OC/T: #AS RECEIVED.

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, MEETINGS, IMPORTERS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ABUDH00650
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750103-1089
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750320/aaaaarhg.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 45255
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by ShawDG>; APPROVED <24 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DIALOGUE WITH UAE ON OIL ISSUES
TAGS: ENRG, TC, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006